

AMENDED IN ASSEMBLY APRIL 18, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1530

**Introduced by Assembly Members Huffman and Olsen, Olsen, and
V. Manuel Pérez**
*(Coauthors: Assembly Members Chesbro, Fletcher, Nestande, Solorio,
and Wieckowski)*
(Coauthor: Senator Vargas)

January 23, 2012

An act to add *and repeal* Chapter ~~9~~ 8.5 (commencing with Section ~~51299~~) to 51298.6) of Part 1 of Division 1 of Title 5 of the Government Code, and to add Section 242 to the Revenue and Taxation Code, relating to economic development.

LEGISLATIVE COUNSEL'S DIGEST

AB 1530, as amended, Huffman. Economic development: Clean Manufacturing and Job Creation Incentive Act of 2012.

(1) The Enterprise Zone Act provides for the designation and oversight by the Department of Housing and Community Development of various types of economic development areas throughout the state, including enterprise zones, targeted tax areas, local agency military base recovery areas (LAMBRAs), and manufacturing enhancement areas, collectively known as geographically targeted economic development areas, or G-TEDAs. Pursuant to these provisions, qualifying entities in those areas may receive certain tax and regulatory incentives.

This bill would establish the Clean Manufacturing and Job Creation Incentive Act of 2012, and would authorize the legislative body of a city, county, or city and county to establish a clean manufacturing zone, as defined, within the city, county, or city and county's boundaries for the purpose of providing incentives to manufacturing businesses to locate within that city, county, or city and county.

(2) The California Constitution authorizes the Legislature to classify personal property for differential taxation or for exemption by means of a statute approved by a $\frac{2}{3}$ vote of the membership of each house.

This bill would, pursuant to this constitutional authorization, commencing with the 2013–14 fiscal year and for each fiscal year thereafter, *upon approval of the legislative body of the city or county that created the clean manufacturing zone*, exempt from property taxation qualified personal property, as defined, used in a clean manufacturing zone, ~~as defined~~.

By imposing new duties upon local tax officials with respect to the personal property tax exemption described above, this bill would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

(4) Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

1 (a) California's economy is among the 10 largest in the world,
2 with a gross domestic product of almost \$2 trillion.

3 (b) Although the state unemployment rate remains over 11
4 percent, California still ranks first among all 50 states in new
5 branches of high-tech manufacturing and first in the number of
6 manufacturing industry jobs.

7 (c) Economic development and job creation are essential
8 elements of California's fiscal recovery.

9 (d) California must compete with other states to attract
10 high-skill, high-wage manufacturing businesses and jobs, and to
11 retain manufacturing jobs and facilities as companies grow and
12 expand, which in turn can stimulate and support new businesses
13 and jobs in a range of sectors.

14 (e) California's environmental protections and public health
15 and safety standards are essential to ensure quality of life and
16 economic growth in ~~the Golden State~~ *this state*.

17 (f) One of the major obstacles identified by businesses to
18 opening new facilities in California is delays in acquiring the
19 licenses and permits necessary to operate, including local and state
20 business licenses and other regulatory approvals.

21 (g) The purpose of this act is to stimulate growth in the
22 manufacturing industry without compromising California's high
23 environmental, public health, and safety standards by creating
24 clean manufacturing zones with preapproved permits and licenses
25 to accommodate new and expanding manufacturing businesses.

26 SEC. 2. Chapter ~~9~~ 8.5 (commencing with Section ~~51299~~)
27 ~~51298.6~~) is added to Part 1 of Division 1 of Title 5 of the
28 Government Code, to read:

29
30 CHAPTER ~~9~~8.5. CLEAN MANUFACTURING AND JOB CREATION
31 INCENTIVE ACT OF 2012
32

33 ~~51299.~~

34 ~~51298.6.~~ This act shall be known, and may be cited, as the
35 Clean Manufacturing and Job Creation Incentive Act of 2012.

36 ~~51299.2.~~

37 ~~51298.7.~~ (a) For purposes of this chapter, the following terms
38 have the following meanings:

39 (1) "Clean manufacturing zone" means an area within a city,
40 county, or city and county that is designated by the legislative body

1 of the city, county, or city and county as a clean manufacturing
2 zone and is suitable for ~~commercial or~~ industrial use.

3 (2) “Manufacturing” means the activity of converting or
4 conditioning property by changing the form, composition, quality,
5 or character of the property for sale at retail or use in manufacturing
6 of a product to be sold at retail. Manufacturing includes any
7 improvements to tangible personal property that result in a greater
8 service life or greater functionality than that of the original
9 property.

10 (b) A city, county, or city and county may establish a clean
11 manufacturing zone within its boundaries by ordinance or
12 resolution of the legislative body of the city, county, or city and
13 county for the purpose of providing incentives to manufacturing
14 businesses to locate within that city, county, or city and county.

15 (c) *The resolution or ordinance adopted pursuant to subdivision*
16 *(b) shall include, but is not limited to, all of the following:*

17 (1) *The designated official point of contact for the zone.*

18 (2) *A commitment by a city, county, or city and county to*
19 *maintain a designated ombudsman for permit assistance for a*
20 *manufacturer in a zone. This ombudsman may, but is not required*
21 *to, be the official point of contact.*

22 (3) *The term of the designation which shall not exceed seven*
23 *years.*

24 (4) *The process by which the legislative body will set and*
25 *oversee measurable objectives for the city, county, or city and*
26 *county manufacturing-related activities in the zone.*

27 (5) *The geographic boundaries of a zone in sufficient detail for*
28 *the county tax assessor to identify which properties are within the*
29 *zone.*

30 (6) *Baseline data on the economic and business development*
31 *conditions. This data may include the number of manufacturing*
32 *facilities, number of available lots for new or expanded facilities,*
33 *status of infrastructure, facility vacancy rates, and employment*
34 *levels.*

35 (7) *Key local and regional partnerships the city, county, or city*
36 *and county proposes to engage for the purpose of providing*
37 *incentives to manufacturing businesses to locate within that city,*
38 *county, or city and county.*

39 (8) *A list of local and regional regulatory, tax, and*
40 *programmatic incentives available to manufacturers that locate*

1 *within the zone. Local incentives may include, but are not limited*
2 *to, all of the following:*

3 *(A) The suspension or relaxation of locally originated or*
4 *modified building codes, zoning laws, general development plans,*
5 *or rent controls.*

6 *(B) The elimination or reduction of fees for applications,*
7 *permits, and local government services.*

8 *(C) The establishment of a streamlined permit process.*

9 *(D) The elimination or reduction of the city's county's, or city*
10 *and county's share of business property taxes, construction taxes,*
11 *or business license taxes.*

12 *(E) The provision or expansion of infrastructure.*

13 *(F) The targeting of federal block grant moneys, including small*
14 *cities.*

15 *(G) The targeting of economic development grants and loan*
16 *moneys, including grant and loan moneys provided by the federal*
17 *Housing and Urban Development Act of 1968 (12 U.S.C. Sec.*
18 *1701x), the United States Department of Commerce, the United*
19 *States Environmental Protection Agency, and the federal Economic*
20 *Development Administration.*

21 *(H) The targeting of workforce training and vocational*
22 *education grant moneys.*

23 *(I) The targeting of federal or state transportation grant moneys.*

24 *(J) The special provisions provided for under the state's other*
25 *geographically targeted economic development areas, including,*
26 *but not limited to, the Enterprise Zone Act (Chapter 12.8*
27 *(commencing with Section 7070) of Division 7 of Title 1),*
28 *infrastructure financing districts (Chapter 2.8 (commencing with*
29 *Section 53395) of Part 1 of Division 2 of Title 5), the Local Agency*
30 *Military Base Recovery Area Act (Chapter 12.97 (commencing*
31 *with Section 7105) of Division 7 of Title 1), and targeted preference*
32 *areas.*

33 *(K) Foreign Trade Zones, pursuant to 48 U.S. Stats. at L. Ch.*
34 *590, and targeted investment areas under the federal EB-5*
35 *Program, pursuant to Section 203(b)(5) of the Immigration and*
36 *Nationality Act (8 U.S.C. Sec. 1153(b)(5)).*

37 *(L) The use of tax allocation bonds, special assessment bonds,*
38 *bonds under the Mello-Roos Community Facilities Act of 1982*
39 *(Chapter 2.5 (commencing with Section 53311) of Part 1 of*
40 *Division 2 of Title 5), industrial development bonds, revenue bonds,*

1 private activity bonds, and all special provisions provided for
2 under federal tax law for empowerment zone bonds.

3 (d) In addition to the required elements of the zone designation
4 ordinance or resolution, the legislative body of a city, county, or
5 city and county, may approve, by a majority vote of the legislative
6 body, the exemption of personal property within a manufacturing
7 facility located within the zone pursuant to Section 242 of the
8 Revenue and Taxation Code.

9 (e) (1) A copy of the resolution or ordinance shall be
10 transmitted to the Governor's Office of Business and Economic
11 Development within 60 days of being approved.

12 (2) The Governor's Office of Business and Economic
13 Development shall, within 30 days of receipt of ordinance or
14 resolution, do all of the following:

15 (A) Transmit an acknowledgment to the legislative body of the
16 city, county, or city and county that the document has been
17 received.

18 (B) Host the resolution or ordinance on the office's Internet
19 Web site, including the list of local incentives.

20 (3) The Governor's Office of Business and Economic
21 Development may use the list of incentives and other relevant
22 information provided in the ordinance or resolution when assisting
23 site selectors, developers, and manufacturers who are looking to
24 locate or relocate within California.

25 (4) Permit assistance requests related to manufacturing facilities
26 located in a clean manufacturing zone shall be serviced as a
27 priority by the Governor's Office of Business and Economic
28 Development. The Governor's Office of Business and Economic
29 Development shall designate a liaison for permit assistance from
30 a zone. The liaison shall work in partnership with the ombudsman
31 of the zone to facilitate state and regional permits and licenses.
32 This includes provisional permits that may be granted to a
33 jurisdiction in advance of a manufacturer occupying a facility.

34 (f) The ombudsman for permit assistance, pursuant to
35 subdivision (c), shall, among other duties assigned, provide
36 assistance to the jurisdiction and manufacturers within the zone
37 in obtaining permits and licenses necessary to permit and
38 prepermit manufacturing sites within the zone. Permits and licenses
39 include, but are not limited to, permits and licenses issued by a
40 local, state, regional, or federal government.

1 (g) State agencies shall, based on their existing resources and
2 authorities, prioritize permit and license applications that are
3 submitted by a manufacturer or a local government agency for a
4 facility located within a zone, including, but not limited to, calling
5 for a permitting team pursuant to Section 65959.2. To qualify for
6 this priority, the application shall be received following the date
7 that the ordinance or resolution establishing the zone was
8 acknowledged as being received by the Governor's Office of
9 Business and Economic Development.

10 (h) Every city, county, or city and county that has designated a
11 zone shall report annually to the Controller on the amount of
12 property taxes exempted pursuant to subdivision (c), the property
13 and sales taxes generated within the zones, and the number of new
14 jobs created as a result of the assistance and incentives provided
15 in the clean manufacturing zone.

16 (i) Every manufacturer locating in a facility which was
17 preapproved by the city, county, or city and county shall agree to
18 advertise job openings with the One-Stop Career Center. The
19 manufacturer is not limited as to other places or methods for
20 advertising open positions.

21 (j) Notwithstanding any other law, a jurisdiction may apply for
22 any local, regional, or state permit or license for the purpose of
23 prepermitting a manufacturing facility within a zone. The
24 permitting agency may issue a provisional permit for this purpose,
25 which shall be finalized once the manufacturer is available to take
26 occupancy of the facility in the zone. The permit may be transferred
27 to a manufacturer and the city, county, or city and county may
28 charge the manufacturer the cost of the permitting, including
29 administrative costs.

30 (k) This chapter shall remain in effect only until January 1, 2020,
31 and as of that date is repealed, unless a later enacted statute, that
32 is enacted before January 1, 2020, deletes or extends that date.

33 SEC. 3. Section 242 is added to the Revenue and Taxation
34 Code, to read:

35 242. (a) For the 2013–14 fiscal year and for each fiscal year
36 thereafter, qualified personal property used in a clean
37 manufacturing zone is exempt from taxation.

38 (b) The exemption provided by this section shall apply in a clean
39 manufacturing zone only if the legislative body of the city, county,
40 or city and county that establishes the zone approves this exemption

1 *pursuant to subdivision (d) of Section 51298.7 of the Government*
2 *Code.*

3 ~~(b)~~

4 (c) For purposes of this section, both of the following shall
5 apply:

6 (1) “Qualified personal property” means property that is
7 purchased on or after January 1, 2013, for use in a clean
8 manufacturing zone. Qualified personal property includes, but is
9 not limited to, equipment or devices used or required to operate,
10 control, regulate, or maintain machinery and equipment, including,
11 without limitation, computers, data processing equipment, and
12 computer software, together with all repair and replacement parts
13 with a useful life of one or more years, whether purchased
14 separately or in conjunction with the machinery or equipment.

15 (2) “Clean manufacturing zone” means a zone that is established
16 pursuant to the authorization in the Clean Manufacturing and Job
17 Creation Incentive Act of 2012 (Chapter 9 8.5 (commencing with
18 Section ~~51299~~) 51298.6) of Part 1 of Division 1 of Title 5 of the
19 Government Code).

20 SEC. 4. If the Commission on State Mandates determines that
21 this act contains costs mandated by the state, reimbursement to
22 local agencies and school districts for those costs shall be made
23 pursuant to Part 7 (commencing with Section 17500) of Division
24 4 of Title 2 of the Government Code.

25 SEC. 5. Notwithstanding Section 2229 of the Revenue and
26 Taxation Code, no appropriation is made by this act and the state
27 shall not reimburse any local agency for any property tax revenues
28 lost by it pursuant to this act.